

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 82 – HB 984**

February 27, 2009

**SUMMARY OF BILL:** Increases the annual Hall Income Tax (HIT) standard income exemption level for taxpayers sixty-five years of age or older from \$16,200 to \$36,000 for single filers and from \$27,000 to \$60,000 for joint filers.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue –  
\$7,096,300/FY09-10 and subsequent years**

**Increase State Expenditures - \$11,354,000/One-Time/FY08-09**

**Decrease Local Revenue –  
\$4,257,700/ FY09-10 and subsequent years**

**Assumptions:**

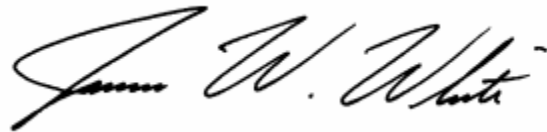
- Current state law levies the HIT on income derived from stock dividends and bond interest.
- Each person, partnership, association, trust, and corporation within the state who receives, accrues, or is otherwise credited during any year income from the above sources shall pay a six percent tax on such income.
- Based on information provided by the Department of Revenue (DOR), approximately 6.48 percent of currently budgeted HIT collections for FY08-09 could erode as a result of this bill.
- According to Fiscal Review Committee estimates submitted to the State Funding Board in December 2008, HIT collections are projected to be \$175,216,000 for FY08-09.
- HIT collections remain constant at \$175,216,000 in subsequent years.
- The total decrease to HIT collections is estimated to be \$11,354,000 per year ( $\$175,216,000 \times 6.48\% = \$11,353,996$ ).

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- Because this bill takes effect for tax years beginning January 1, 2008, it is assumed that the Department of Revenue would have to collect the HIT based on current law for tax year 2008, then issue appropriate tax refunds to individuals meeting the age and income requirements as proposed. As a result, there would be a one-time increase to state expenditures estimated to be \$11,354,000 for FY08-09. This assumes that none of these funds had yet been apportioned to local government as required by current law.
- Current law distributes five-eighths (62.5 percent) of all HIT revenue to the state's general fund; the remaining three-eighths (37.5 percent) is apportioned to local government.
- The decrease to state revenues is estimated to be \$7,096,300 per year beginning in FY09-10 ( $\$11,354,000 \times 62.5\% = \$7,096,250$ ).
- The decrease to local government revenue is estimated to be \$4,257,700 per year beginning in FY09-10 ( $\$11,354,000 \times 37.5\% = \$4,257,750$ ).

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc